



County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012  
 (213) 974-1101  
<http://cao.co.la.ca.us>

DAVID E. JANSSEN  
 Chief Administrative Officer

Board of Supervisors  
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 First District

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 Second District

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 Fifth District

September 28, 2004

The Honorable Board of Supervisors  
 County of Los Angeles  
 383 Kenneth Hahn Hall of Administration  
 500 West Temple Street  
 Los Angeles, CA 90012

Dear Supervisors:

**USE OF ADDITIONAL FISCAL YEAR (FY) 2003-04 GENERAL FUND, HOSPITAL ENTERPRISE, AND SPECIAL FUNDS/DISTRICTS' FUND BALANCE IN FY 2004-05 COUNTY BUDGET AND ADJUSTMENTS TO REFLECT FY 2004-05 STATE BUDGET ACTIONS; AND AMEND THE CURRENT HIRING AND PROMOTIONAL FREEZE (ALL DISTRICTS AFFECTED) (4 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve attached recommended changes and corresponding appropriation adjustments to the FY 2004-05 County Budget.
2. Amend the countywide hiring and promotional freeze (which was reaffirmed and expanded as of November 13, 2001) to provide for revised hiring and promotional procedures for departments meeting specific criteria, and instruct the Chief Administrative Officer to issue guidelines to County departments.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The actions recommended herein are necessary to budget the actual FY 2003-04 fund balance and the use of these additional one time funds, to further refine the estimates contained in the Adopted Budget, to provide sufficient appropriation to implement programs or changes as a result of increases or decreases in revenues, and to make miscellaneous adjustments within various funds. The adjustments could not be made prior to adoption of the FY 2004-05 budget as the actual FY 2003-04 fund balance and carryover funds to FY 2004-05 were not known, the State Budget was not approved, and more recent information became available.

## STATE BUDGET

The Governor's FY 2004-05 January Budget proposed to permanently shift \$1.3 billion in local property taxes from counties, cities, special districts and redevelopment agencies to schools. As a result, the County could have potentially lost approximately \$290.0 million in General Fund property taxes to the State, and over \$470.0 million Countywide. Rather than immediately implementing drastic budget reductions, the County elected to take a cautious approach to see if a compromise plan could be worked out between the Legislature and Governor. In the meantime, departments were asked to tighten expenditure levels until an official State Budget was enacted at which time a more accurate estimate of the reductions could be calculated.

After much deliberation, the Governor signed the FY 2004-05 State Budget on July 31, 2004. This budget included a Local Government Agreement in which local governments agreed to contribute \$1.3 billion for two years to assist the State with its ongoing structural budget deficit; the County's share was subsequently determined to be \$103.2 million in FY 2004-05 and FY 2005-06. In addition, cities and counties agreed to swap \$4.1 billion in Vehicle License Fee backfill revenues annually for an equal amount of property taxes. In return, the Governor committed to actively support a constitutional amendment that will protect local revenues from the State after FY 2005-06 and repeal any State mandate that is not funded after one year. Also, the Administration has sought a permanent fix of the VLF realignment funding and repayment of over \$2.0 billion in deferred mandate reimbursement payments to local governments and schools over a five-year period starting in FY 2006-07.

Although the Local Government Agreement provides the framework for a constitutional amendment to protect future local revenues, we were faced with funding the two-year contribution to the State of \$103.2 million as well as other State reductions in critical areas such as local mandates and child welfare services. In addition, the Local Government Agreement required contributions from County special districts which include flood control, lighting, waterworks, and garbage districts. While finding solutions for this budget problem presented a challenging task, tight fiscal constraints, favorable Federal outcomes, strong property tax receipts, and improved sales tax revenues provided the mechanisms to resolve this problem, and will now allow departments to begin resuming previous service levels.

### HIRING AND PROMOTIONAL FREEZE

Board approval is requested to amend the current countywide hard hiring and promotional freeze to exempt departments meeting specific criteria. This action would allow departments to efficiently adjust staffing levels to ensure fulfillment of their missions and goals within their approved budgets. Generally, departments have exhibited sound fiscal responsibility by spending within their respective funding limits. Therefore, we believe it is now appropriate to allow department heads to independently manage their staffing needs within their budgeted appropriations and revenues.

Due to the hiring and promotional restrictions imposed on departments, as amended in November 2001, many Departments have had to increase the use of overtime to provide required and necessary service levels. Amending the hiring and promotional freeze should reduce the use of overtime by allowing authorized departments to hire and promote as required to fill budgeted vacancies.

Departments will be required to meet certain criteria before they are granted authority to hire and promote under this amendment. The general criteria are:

- Net County Cost for the last two fiscal years has been within the budgeted amounts;
- An updated Item Control (or other approved monitoring report); and
- Chief Administrative Office approval.

This office will continue to monitor all hiring and promotions and salary and employee benefit expenditures, including overtime. This will be achieved by continuing to require all departments to submit an accurate, updated Item Control with their budget request in January and updates as required, and may include separate reports of hiring and promotional activity. Detailed instructions outlining this process will be provided to departments after Board approval of this amendment and may include modifications to the current item control format. Departments will also continue to be required to submit periodic Budget Status Reports to our office so that we may update the Board on the overall fiscal condition of the County. Finally, the policies related to the Additional Responsibility Bonus, MAPP Salary Adjustment, and Special Step Placement remain in effect and will not be impacted as a result of this amendment.

Departments that fail to provide sufficient information/documentation as required or requested by the CAO, or are projected to exceed their respective current year Net County Cost appropriation, will immediately be placed back on the hard hiring and promotional freeze. These departments will be deemed ineligible for exemption during the remainder of that respective fiscal year and will be required to submit a request for re-consideration in the beginning of the following fiscal year. Those departments and specific positions currently exempted from the freeze will continue to be exempt until the CAO determines otherwise. As previously stated, detailed instructions outlining this process will be provided to departments after Board approval of this amendment.

### **Implementation of Strategic Plan Goals**

These actions support the County's Strategic Plan Goal of Fiscal Responsibility.

### **FISCAL IMPACT/FINANCING**

#### **GENERAL FUND**

As previously mentioned during Budget Deliberations, this budget process was extremely complicated and perhaps the most complex in more than a decade. The uncertainties surrounding the State Budget and its impact on the County made managing the budget extremely difficult and ultimately resulted in a greater than anticipated FY 2003-04 Fund Balance. This excess Fund Balance was primarily attributable to:

- Unusually high departmental operational savings of \$160 million due in large part to the uncertainty of the impact of the State's Budget problem on the County;
- Additional Vehicle License Fee revenues (Regular & Realignment) of \$48 million due to continued demand for automobiles and trucks;
- Additional Property and Deed Transfer Tax revenues of \$40 million, and \$11 million from other property tax related revenues such as Community Redevelopment Agencies, Penalties on Delinquent Taxes, and Supplemental Assessment Administrative Fees, all resulting from the very strong real estate market which now appears to be leveling off;
- Increased sales tax receipts of \$22 million from Public Safety Augmentation Funds; and
- Additional Capital Projects/Infrastructure carryovers of \$28 million for projects which were not completed during the FY 2003-04 budget.

The FY 2003-04 General Fund Budget closed with a \$872.3 million fund balance, of which \$363.0 million was committed as carryover in the FY 2004-05 Adopted Budget and \$39.6 million was used in the FY 2004-05 Adopted Budget to fund new capital projects and information technology and \$132.3 million was already programmed into the FY 2004-05 Adopted Budget as anticipated fund balance, leaving a remaining fund balance of \$337.4 million (\$28.0 million carryovers and \$309.4 available fund balance).

This fund balance was generated primarily through capital projects and maintenance projects which were not completed and for which funds are being carried over, improved property tax revenues from the strong real estate market, savings from the State's successful negotiations with the federal government to waive the food stamp error rate penalty which have been redirected to meet our local government agreement obligation of \$103.2 million for two years.

In addition, savings was generated from the uncertainty of the State backfill of the Vehicle License Fee revenues. Additional FY 2003-04 departmental curtailments were being considered as late as December 2003 because the Vehicle License Fee was reduced by the Governor in November 2003. In light of this State development, departments had further tightened expenditures, including restricted employee hires and promotions, in anticipation of mid year curtailments. The imposition of further curtailments never materialized because there were no additional reductions of State revenues. Also, due to continued consumer demand for automobiles and light trucks, revenues exceeded the budget for FY 2003-04. Lastly, the passage of AB1457 in May 2004 required the State to pay counties VLF Realignment funds owed for FY 2002-03; the State Controller notified counties on July 27, 2004 of the final growth amounts for FY 2002-03.

Use of Additional Fund Balance: The net available fund balance from the FY 2003-04 closing is \$337,386,000 above the amount anticipated at the time the FY 2004-05 County Budget was adopted in June. The additional fund balance is derived from the FY 2003-04 actual ending balance of \$872,284,000 less \$534,898,000 as previously estimated in the FY 2004-05 Adopted Budget. The Auditor-Controller's Board letter recommends allocating this additional fund balance to the FY 2004-05 Appropriation for Contingencies. Based on the FY 2003-04 closing balances and recent available information, we are now recommending the use of the additional fund balance that is now in the FY 2004-05 Appropriation for Contingencies for adjustments to actual carryover amounts for FY 2004-05 and other essential adjustments that will further refine the budget. These essential adjustments include: the 2005-06 Local Government Agreement contribution, high priority Capital Projects and Infrastructure Programs, and other miscellaneous adjustments. After these adjustments, the Appropriation for Contingencies balance will be approximately \$16 million. The following chart briefly summarizes the recommended uses for the additional fund balance:

<b>Use of Fund Balance</b>	<b>FY 2004-05 Adopted Budget</b>	<b>FY 2004-05 Final Budget</b>	<b>Recommended Supplemental Changes</b>
Carryovers	\$363,035,000	\$390,997,000	\$ 27,962,000
Local Government Agreement	11,100,000	114,300,000	103,200,000
Capital Projects/Refurbishments	10,652,000	156,090,000	145,438,000
Interoperability Communication System	20,000,000	40,000,000	20,000,000
Information Technology	5,000,000	24,000,000	19,000,000
Other Operating Needs	125,111,000	125,111,000	--
Hospital Insurance Tax	--	3,700,000	3,700,000
Livescan	--	1,900,000	1,900,000
Appropriation for Contingencies	--	16,186,000	16,186,000
<b>Total</b>	<b>\$534,898,000</b>	<b>\$872,284,000</b>	<b>\$337,386,000</b>

**Fund Balance - Carryovers:** When the financial books close at the end of each fiscal year, it is necessary to reconcile the carryover amounts estimated in the FY 2004-05 Adopted Budget to the actual closing amounts. The total net reconciling difference of \$27,962,000 is due to infrastructure improvements of \$27,312,000, museums funding agreements of \$747,000 and other net changes of \$(-97,000).

**Fund Balance - Local Government Agreement for FY 2005-06:** The Local Government Agreement with the State provides that the County of Los Angeles contribute \$103.2 million per year for two years to the State to help mitigate the State's deficit. We funded the first year's contribution in FY 2004-05 Final Changes, and we recommend funding the second year of \$103.2 million with a portion of the available fund balance.

**Fund Balance - Capital Projects/Refurbishments:** Additional one-time funding of \$145,438,000 is recommended for investment in our physical infrastructure. The improvements to our buildings, structures and parking lots are needed to ensure the safety of our employees and customers we service. These high priority projects include \$20,000,000 for structural repairs to our cultural centers, including the seismic retrofit and historical renovation of our Museum of Natural History built in 1913; \$50,000,000 for high priority Capital Projects; \$24,286,000 for various Capital Project needs such as replacing a seismically unsafe Probation headquarters building and emergency building repairs to the Patriotic Hall that serves our military veterans; \$50,000,000 for a new Data Center to house the County's primary data processing equipment in a seismically strengthened facility; \$838,000 to repair a beach gateway; and \$314,000 for the Auditor-Controller's Tax Division refurbishments.

Fund Balance - Interoperability Communication System: We are recommending an additional \$20,000,000 to fund this public safety communication system. This state of the art system will provide the capability to communicate more effectively and efficiently with other public safety agencies, thereby, improving responses to public emergency and critical needs.

Fund Balance - Information Technology: Information technology is improving rapidly and the need to develop and replace our Countywide financial and human resources system is vital to meet the constant demands for accurate and immediate data. Therefore, we are recommending an additional \$14,000,000 to further enhance our eCAPS system and \$3,000,000 for the Assessor's new Real Property Tax Computer System. Also, to assist the public we are recommending expenditures of \$2,000,000 for an Infoline/2-1-1 phone system that will direct calls to appropriate County departments.

Fund Balance - Hospital Insurance Tax: We have been advised of a back tax liability of approximately \$3.7 million which is due to Hospital Insurance Tax applied to County matching funds to the Horizons and Pension Savings Plans.

Fund Balance - Livescan: Countywide funding in the amount of \$1,900,000 is recommended for fingerprinting departmental employees directly interfacing with children.

Fund Balance - Appropriation for Contingencies: The remaining FY 2003-04 fund balance of \$16,186,000 will remain in the Appropriation for Contingencies to mitigate potential State budget losses.

Use of Ongoing Revenues: We are recommending ongoing funds for the following:

Provisional Financing Uses: We are recommending that funding be set aside in the amount of \$26.8 million to cover required expenses to address the settlement with the Department of Justice to improve operations at the Probation Halls, improve management operations at the Probation Department, address homeless issues throughout the County, backfill loss of Local Law Enforcement Block Grant Funds going toward debt for the Twin Towers Jail Facility, provide for improvements in Sheriff medical services at the Central Jail facility, and other various adjustments.

IHSS Provider Wage Increase: We are recommending an increase in the IHSS provider hourly wage from \$7.50 per hour to \$8.10 per hour (\$16.2 million annually), still below the \$8.32 per hour contractors working for the County are required to pay their employees when providing health benefits.

Restoration of funding losses for Fire-lifeguards (\$2.3 million), Office of Public Safety park patrol (\$0.4 million), and Probation DISARM (\$0.3 million), backfill of revenue losses for Regional Planning public counter staff (\$0.4 million), funding for the County's match requirement as a result of the State's approval of a CalWORKS cost-of-living adjustment (\$0.6 million), and creation of a revenue incentive for the Child Support Services Department to maintain and enhance revenue collections which help to offset the County's assistance costs to families that are not receiving spousal support (\$1.0 million).

In addition, the letter includes recommendations to enhance our buydown of the reliance of LACERA surplus earnings (\$20 million), funding to address homeland security concerns by adding additional District Attorney investigators (\$1.3 million), funding for additional zoning code enforcement staff (\$0.4 million) and other various changes (\$0.35 million).

Lakewood Sheriff Station Improvements: On December 16, 2003, your Board approved the establishment of Capital Project No. 77430 for improvements to the Lakewood Sheriff Station, funded by \$3.0 million in Fourth District Capital Project Funds and \$3.0 million in tax increment funds from the Lakewood Redevelopment Project Area No. 2. It is currently anticipated that an estimated \$3.4 million in additional funds will be required to complete the proposed improvements. Planning and construction of the improvements will be managed by the City of Lakewood.

It is recommended that the Sheriff fund this additional requirement through a loan from the Asset Development Implementation Fund with a principal amount that will not exceed \$3,400,000 and an interest rate set at 50 basis points above that of the County Treasury Pool loan. The loan shall be repaid by the Sheriff over a three-year term commencing in FY 2005-06.

Approval of the recommended action will authorize the Chief Administrative Office to finalize the terms of the loan and to execute the final loan agreement with the Sheriff. The Chief Administrative Office will report back to your Board on the final terms and conditions of the final loan agreement.

Ministerial Changes: The recently negotiated and Board-approved salary and associated salary-driven benefit increases are being allocated to affected departments. Also included are revenue offset changes such as grants or increased revenues and other adjustments that do not impact Fund Balance.



## HEALTH SERVICES

This adjustment would reduce the Department's use of funds from the Enterprise Fund Designation by \$6.2 million as identified below:

- Net reduction of \$15.3 million due to an increase in revenue, consisting of a \$18.4 million increase in SB 855 Disproportionate Share Hospital (DSH) revenue as a result of DSH relief in the Medicare Prescription Drug Bill, and a \$9.4 million increase in Realignment Vehicle License Fees, partially offset by a \$12.5 million reduction in Cost Based Reimbursement Clinic (CBRC) revenue based on the latest audit results and revised outpatient visit estimate for 2004-05.
- Net reduction of \$1.2 million to reflect a transfer of net County cost (NCC) from the Department of Public Social Services to the Department of Health Services (DHS) related to the reduction in the matching NCC requirement for the In-Home Supportive Services (IHSS) Provider Health Care Plan. The NCC reduction is associated with an increase in federal revenue due to the State's Budget proposal to expand the IHSS services eligible for federal reimbursement.
- Net reduction of 10.0 budget positions and a shift of \$1.3 million from salaries and employee benefits to services and supplies to fund the cost of transferring positions from the County to the University of Southern California as part of the Northeast Cluster's Board approved Medical School contract.
- Net increase of \$4.4 million to reflect a transfer of NCC to fund DHS related capital projects.
- Net increase of \$3.8 million for Board-approved increases in salaries and employee benefits, for changes in grant programs including a net reduction of 0.5 budgeted positions, and for various cost changes such as an increase in commercial paper costs for the LAC+USC Replacement Facility and a decrease in Workers' Compensation costs based on actual expenditures.
- Net increase of \$2.1 million to reflect an increase in inpatient costs related to Community Health Plan managed care enrollees assigned to the High Desert Health System. This reduces projected savings from the High Desert Hospital conversion to a Multi-Service Ambulatory Care Center (MACC).

In addition, this adjustment reflects the following changes which have no impact on the use of Enterprise Fund Designation.

- The return of 40.0 budgeted finance operation positions to the Office of Managed Care from Health Services Administration originally transferred in the 2002-03 Final Adopted Budget.
- Redistribution of \$142.6 million of Measure B Special Tax Funds among County hospitals based on the most recent schedule of unreimbursed trauma and emergency patient care costs, resulting in no overall change.

In the FY 2003-04 closing, DHS identified a \$215.7 million surplus which increased the balance in the Enterprise Fund Designation to \$568.7 million. Of that amount, \$126.9 million was placed in a reserve account for long-term receivables relating to CBRC revenue payments, leaving an available balance of \$441.8 million. The use \$122.1 million of the Designation was previously approved by your Board in the FY 2004-05 Adopted Budget. The \$6.2 million reduction in use of Enterprise Fund Designation identified above would leave a revised available balance of \$325.9 million.

#### **SPECIAL FUNDS/DISTRICTS**

Financing for all recommendations, including Special Fund/District reductions as a result of the Local Government Agreement, is available in the designation account, and/or the Special Funds budgets, as appropriate.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Not Applicable.

#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

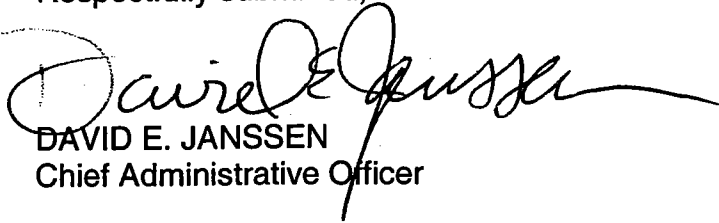
Adoption of these recommendations would allow your Board to:

- Realign and appropriate funding based upon the necessary accounting adjustments between the estimates contained in the Adopted Budget and actual operational outcomes of FY 2003-04.
- Provide sufficient appropriation to implement programs or changes as a result of refined revenue projections.
- Other miscellaneous adjustments within various funds.
- Retain a modest balance in the General Fund Appropriation for Contingencies.

Honorable Board of Supervisors  
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- Allow selected departments to hire and promote staffing within the amended hiring and promotional freeze guidelines to ensure cost effective and efficient services while optimizing services levels.

Respectfully submitted,



DAVID E. JANSSEN  
Chief Administrative Officer

DEJ:DIL:SK  
JT:AB:ljp

Attachment

c: All Department Heads

**FY 2004-05 BUDGET RECOMMENDATIONS:**

1. Approve a General Fund appropriation adjustment to transfer a net carryover of \$27,962,000 from the Appropriation for Contingencies to the Arts Commission, Board of Supervisors, Capital Projects, Extraordinary Maintenance, Museum of Art, Museum of Natural History, Project and Facility Development, Provisional Financing Uses-Department of Public Social Services Performance Incentives, Public Defender, Public Works, and the Designation for the Treasurer and Tax Collector's Unsecured System. There is no net County cost impact and no position changes.
2. Approve a General Fund appropriation adjustment to fund the second year of the Local Government Agreement of \$103,200,000, various Capital Projects for \$125,424,000, Project and Facility Development infrastructure improvements for the Museums and El Pueblo for \$15,000,000, Extraordinary Maintenance projects for the Music Center/Disney Hall for \$5,000,000, Provisional Financing Uses for Livescan for \$1,900,000, Provisional Financing Uses - Interoperability Communication System development for \$20,000,000, Designation for the Assessor's new Secured Property Tax System for \$3,000,000, Provisional Financing Uses - countywide automated budget and human resources system for \$14,000,000, Hospital Insurance Tax liability for \$3,700,000 and the Infoline/2-1-1 system for \$2,000,000. These appropriation increases are fully offset by the decrease of \$293,224,000 in Appropriation for Contingencies. There is no net County cost impact and no position changes.
3. Approve a General Fund appropriation adjustment for \$62,000 for the Arts Commission to increase services and supplies fully offset by Arts Education grant funds and other miscellaneous revenues. There is no net County cost impact and no position changes.
4. Approve a General Fund appropriation adjustment for \$100,000 for the Auditor-Controller to decrease services and supplies to fund the refurbishment of the Tax Division in Capital Projects. There is no net County cost impact and no position changes.
5. Approve a General Fund appropriation adjustment to transfer \$1,300,000 from the Auditor-Controller's Fixed Assets to Services and Supplies to properly account for eCAPS charges. There is no net County cost impact and no position changes.
6. Approve a General Fund appropriation adjustment for \$1,800,000 for the Auditor-Controller to decrease intrafund transfers and salaries and employee benefits to reduce cost reimbursement from client departments for contract monitoring services. There is no net County cost impact and no position changes.

## FY 2004-05 BUDGET RECOMMENDATIONS

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7. Approve a General Fund appropriation adjustment for \$99,000 to reduce the Board of Supervisors services and supplies to align with Health Services CARE ACT Title I funding. There is no net County cost impact and no position changes.
8. Approve a General Fund appropriation adjustment for \$8,291,000 for Child Support Services to restore 9 months of salaries and employee benefits and services and supplies to maintain the current level of child support collection services offset by additional federal and State revenues and charges to the Department of Children and Family Services and the Department of Public Social Services as an incentive for revenue collection to offset assistance costs. There is no net County cost impact, however we are recommending the addition of 1.0 budgeted position.
9. Approve a General Fund appropriation adjustment for \$24,164,000 for the Department of Children and Family Services to increase State Realignment revenue and reflect final State funding allocations to restore positions and appropriation in Foster Care, Adoptions, and Seriously & Emotionally Disturbed (SED) programs. There is no net County cost impact, however we are recommending the addition of 80.0 budgeted positions.
10. Approve a General Fund appropriation adjustment for \$6,633,000 for the Department of Children and Family Services to properly reflect federal revenue. There is no net County cost impact and no position changes.
11. Approve a General Fund appropriation adjustment for \$270,000 for Community and Senior Services to reflect additional 2003 Wildfire National Emergency Grant (NEG) funding to assist in disaster recovery. There is no net County cost impact and no position changes.
12. Approve a General Fund appropriation adjustment for \$125,000 for Community and Senior Services to shift appropriation from services and supplies to other charges to finance pending judgments and settlements. There is no net County cost impact and no position changes.
13. Approve a General Fund appropriation adjustment for \$618,000 for Community and Senior Services - Refugee Assistance programs to reduce federal funding and services and supplies. There is no net County cost impact and no position changes.
14. Approve a General Fund appropriation adjustment for \$75,000 for the Community and Senior Services - Disability Program Navigator (DPN) program to reflect an increase in federal revenue and corresponding services and supplies. There is no net County cost impact and no position changes.

## FY 2004-05 BUDGET RECOMMENDATIONS

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15. Approve a General Fund appropriation adjustment for \$634,000 for the Coroner to reflect Homeland Security grant funding for First Responder equipment and supplies. There is no net County cost impact and no position changes.
16. Approve a General Fund appropriation adjustment for \$1,000,000 for Internal Services Department to properly account for eCAPS equipment expenditures from services and supplies to fixed assets. There is no net County cost impact and no position changes.
17. Approve General Fund appropriation adjustments for the Department of Mental Health to:
  - a. Restore \$2,200,000 for crisis intervention, medication support, and residential care in response to a Board motion on June 21, 2004 offset with Vehicle License Fee - Realignment revenue. While there is no net County cost impact, we are recommending the addition of 7.0 budgeted positions.
  - b. Restore \$4,911,000 for general outpatient, inpatient, and community outreach services offset with Vehicle License Fee - Realignment revenue. There is no net County cost impact, however we are recommending the addition of 6.0 budgeted positions.
  - c. Establish Permanency Teams for \$348,000, funded by the Department of Children and Family Services. There is no net County cost impact, however we are recommending the addition of 4.0 budgeted positions.
  - d. Reduce funding by a net \$649,000 for dual diagnosis services partially funded by the Department of Health Services. The net impact of \$14,000 is funded with Vehicle License Fee - Realignment revenue. There is no net County cost impact, however we are recommending the addition of 1.0 budgeted position.
  - e. Increase appropriation by \$500,000 to maintain The Village Program offset with Vehicle License Fee - Realignment revenue. There is no net County cost impact and no position changes.
  - f. Enhance the Projects for Assistance in Transition from Homelessness (PATH) program by \$247,000, fully funded by federal grants. There is no net County cost impact and no position changes.
  - g. Augment the Children's System of Care program by \$133,000, fully funded by one-time State revenues. There is no net County cost impact and no position changes.

## FY 2004-05 BUDGET RECOMMENDATIONS

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- h. Backfill the loss of Juvenile Justice Crime Prevention Act funds of \$24,000 with Vehicle License Fee - Realignment revenue. There is no net County cost impact and no position changes.
- i. Increase funding by \$71,000 for the Family Preservation Program, fully funded by the Department of Children and Family Services. There is no net County cost impact and no position changes.
- j. Shift \$547,000 in appropriation from services and supplies to salaries and employee benefits for the TIES for Adoption program. There is no net County cost impact, however we are recommending the addition of 7.2 budgeted positions.
- k. Shift net appropriation of \$4,000 from salaries and employee benefits to services and supplies for the Adult System of Care program. While there is no net County cost impact, we are recommending the net addition of 2.8 budgeted positions.
- l. Maintain the Healthy Families program for \$1,222,000 fully funded by Medi-Cal and Vehicle License Fee - Realignment revenues. There is no net County cost impact and no position changes.
- m. Reduce salaries and employee benefits by \$191,000 to correct the recommended allocation of the new positions currently in the FY 2004-05 Budget. This adjustment is fully offset by a reduction to Vehicle License Fee - Realignment revenue. There is no net County cost impact and no position changes.
- n. Correct the local match requirement of \$1,700,000 for the Medi-Cal program for contract mental health providers. This adjustment increases services and supplies and is fully offset by federal and Vehicle License Fee - Realignment revenues. There is no net County cost impact and no position changes.
- o. Reduce the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) funding and appropriation by \$1,794,000 for the START Program. There is no net County cost impact and no position changes.
- p. Correct and restore \$100,000 in appropriation fully funded by Vehicle License Fee - Realignment revenue. While there is no net County cost impact, we are recommending the addition of 0.5 budgeted positions.

## FY 2004-05 BUDGET RECOMMENDATIONS

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- q. Increase appropriation by \$4,045,000 to provide services to eligible students with disabilities, and decrease SB 90 revenue by \$6,500,000 to align the revenue budget. These changes are fully funded with federal Individuals with Disabilities Education Act (IDEA) revenue and an adjustment to Vehicle License Fee - Realignment revenues. There is no net County cost impact and no position changes.
  - r. Increase services and supplies by \$3,000,000 and reduce one time Sales Tax Realignment revenue by \$1,299,000, fully offset by Vehicle License Fee - Realignment revenue. There is no net County cost impact and no position changes.
- 18. Approve a General Fund appropriation adjustment for \$21,000 to increase Nondepartmental Revenue's Operating Transfers In to reflect the excess fund balance from Public Library. This adjustment is offset by an increase to Appropriation for Contingencies for subsequent action by the Board. (There is a corresponding Operating Transfers Out for Special Funds - Public Library.) There is no net County cost impact and no position changes.
  - 19. Approve a General Fund appropriation adjustment for \$427,806,000 to transfer Vehicle License Fee - Realignment revenues from Nondepartmental Revenue to the new Vehicle License Fee - Realignment budget unit. There is no net County cost impact and no position changes.
  - 20. Approve a General Fund appropriation adjustment for \$60,000 for Parks and Recreation to fund operational costs at new and refurbished park facilities funded by a decrease in fixed assets appropriation and increase in revenue. There is no net County cost impact and no position changes.
  - 21. Approve a General Fund appropriation adjustment for \$461,933,000 for the Department of Public Social Services to reflect new revenue sharing ratios for the CalWORKs program. There is no net County cost impact and no position changes.
  - 22. Approve a General Fund appropriation adjustment for \$1,000,000 for the Department of Public Social Services to properly reflect In-Home Supportive Services (IHSS) revenue. There is no net County cost impact and no position changes.



## FY 2004-05 BUDGET RECOMMENDATIONS

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23. Approve General Fund appropriation adjustments for the Sheriff's Department to:

- a. Restore \$6,000,000 in one-time services and supplies from Worker's Compensation savings in salaries and employee benefits. There is no net County cost impact.
- b. Provide \$8,114,000 in contract law enforcement services to MTA fully reimbursed by the MTA. While there is no net County cost impact we are recommending the addition of 62.0 budgeted positions.
- c. Expand the Air 5 Operations program by \$756,000, funded by Measure B revenue. There is no net County cost impact, however we are recommending the addition of 6.0 budgeted positions.
- d. Realign \$143,000 for 2.0 budgeted positions and salaries and employee benefits appropriation from Sheriff-General Support to Sheriff-Administration. There is no net County cost impact and no net budgeted position changes.
- e. Increase appropriation by \$6,201,000 to fully offset by State and federal grant revenues and intrafund transfers. There is no net County cost impact and no budgeted position changes.
- f. Realign \$23,000,000 in salary savings within the Sheriff's Department. There is no net County cost impact and no budgeted position changes.
- g. Increase appropriation by \$1,500,000 to purchase black and white vehicles fully offset by contract city revenue. There is no net County cost impact and no budgeted position changes.
- h. Increase appropriation by \$217,000 for the provision/sale of water to the Department of Public Works - Water Works District 36 to address water quality issues to the Val Verde and Castaic areas offset with revenue from the sale of water to the Water Works District 36. There is no net County cost impact and no budgeted position changes.
- i. Increase Sheriff's Department-Custody Operations overtime by \$5,000,000 offset in salary savings. There is no net County cost impact and no budgeted position changes.

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- j. Redirect anticipated Workers' Compensation savings of \$ 619,000 to fund 5.0 additional budgeted positions and services and supplies to control MRSA (Methicilin Resistant Staphylococcus Aureus) in County jails. There is no net County cost impact; however we are recommending 5.0 budgeted positions.
- 24. Approve a General Fund appropriation adjustment for \$19,277,000 for the Vehicle License Fee - Realignment revenue increase offset by appropriation increases in Department of Health Services (\$9,393,000) and Department of Mental Health (\$9,884,000). There is no net County cost impact and no budgeted position changes.
- 25. Approve a General Fund appropriation adjustment for \$2,515,000 to transfer from Nondepartmental Special Accounts to departments for negotiated and Board-approved salary and salary-driven benefit increases. There is no net County cost impact and no position changes.
- 26. Approve a General Fund appropriation adjustment to fund Department of Justice requirements in the Probation Department of \$10,110,000, further reduce the reliance on Los Angeles County Employees Retirement Association's (LACERA) excess earnings by \$20,000,000, \$16,160,000 for In-Home Supportive Services (IHSS) providers wage increase of \$0.60 per hour, Sheriff Department medical services of \$10,000,000, the restoration of FY 2003-04 curtailments for the Fire-Lifeguard program for \$2,333,000, homeless shelters of \$2,500,000, Auditor-Controller review of \$2,000,000, backfill the Local Law Enforcement Block Grant funding loss for the Sheriff Twin Towers of \$1,700,000, District Attorney investigative staff for \$1,298,000, enhance Child Support collection efforts charged to the Department of Children and Family Services in the amount of \$517,000 and Department of Public Social Services in the amount of \$483,000, the Public Social Services CalWORKs mandated 2.75 percent cost-of-living increase for nine months of \$24,964,000 partially offset by revenues of \$24,339,000, Probation Department's management audit for \$500,000, the replacement of Regional Planning's Land Development Management Agency trust funds of \$449,000 for public counter services, an additional \$375,000 for Regional Planning 5.0 zoning enforcement positions in each Supervisorial District, increased patrol in local parks by Department of Human Resources-Office of Public Safety for an additional \$364,000 and 8.0 budgeted positions, the enhancement of Probation Department's Developing Increased Safety through Arms Reduction Management (DISARM) program in the amount of \$265,000 and 5.0 budgeted positions, the Human Relation Commission's School Intergroup Conflict Initiative and Zerohour Programs in the amount of \$258,000 and 3.5 budgeted positions, 1.0 budgeted position in Consumer Affairs for \$46,000, and the remaining balance of \$340,000 in Provisional Financing Uses. These adjustments are fully offset by on going

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Property Tax revenues of \$32,000,000, reduced appropriation of \$34,598,000 due to a federal share of costs for the Residual portion of the In-Home Supportive Services (IHSS) caseload, and restoration of reimbursement for the County share of child support collections for foster care cases in Department of Children and Family Services of \$1,700,000 and Public Social Services of \$2,025,000. There is no net County cost impact; however we are recommending the addition of 22.5 budgeted positions.

27. Approve a General Fund appropriation adjustment for \$61,000 for the Department of Mental Health to maintain the Vocational Rehabilitation program by backfilling the State funding loss with Vehicle License Fee -Realignment revenues. There is no net County cost impact and no position changes.
28. Approve a General Fund appropriation adjustment for the Department of Public Social Services to decrease State funding for the In-Home Supportive Services (IHSS) Healthcare Plan program by \$2,205,000 offset by additional federal revenue of \$3,418,000 and the difference of \$1,213,000 will be appropriated in the Department of Health Services. There is no net County cost impact and no position changes.
29. Approve a Special Fund appropriation adjustment for \$21,000 for the Public Library to increase Operating Transfers Out to reflect the excess fund balance transferred to the General Fund offset by a decrease to Appropriation for Contingencies. (There is a corresponding Operating Transfers In for General Fund - Nondepartmental Revenue.) There are no position changes.
30. Approve a Special Fund appropriation adjustment for \$564,000 for the Public Library to fund negotiated increases in Salaries and Employee Benefits offset by increased Property Taxes. There are no position changes.
31. Approve a Special District appropriation adjustment for \$9,000 for Public Works to increase revenue from the City of South El Monte offset by additional services and supplies appropriation. There are no position changes.
32. Approve a Special District appropriation adjustment for \$6,878,000 for Public Works Flood Control District Fund to reflect the local government agreement with the State, offset by a decrease to Appropriation for Contingencies. There are no position changes.

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33. Approve a Special District appropriation adjustment for \$1,176,000 for various Public Works Street Lighting Districts to reflect the local government agreement with the State, offset by a decrease to Appropriation for Contingencies and Designation for Unanticipated Utility Costs and Intergovernmental Revenues. There are no position changes.
34. Approve a Special District appropriation adjustment for \$27,980,000 for Public Works Flood Control Fund to reflect Capital Projects Building and Improvements to the Headquarters Building offset primarily by Long Term Debt Proceeds
35. Approve a Special District appropriation adjustment for \$2,333,000 for the Fire Department to reflect increased funding to restore curtailments to the Fire-Lifeguard Program. We are recommending 1.0 budgeted position.
36. Approve a Special District appropriation adjustment for \$451,000 for Regional Park and Open Space District Beaches and Harbors Bond Project Fund increasing Residual Transfer Out.
37. Approve a Special Fund appropriation adjustment for \$120,000 for the Asset Development Implementation Fund increasing Other Financing Uses.
38. Approve a Special Fund appropriation adjustment for \$2,912,000 for Criminal Justice Facilities Temporary Construction Fund increasing Other Charges and Services and Supplies.
39. Approve a Special Fund appropriation adjustment for \$742,000 for the Courthouse Construction Fund increasing Services and Supplies.
40. Approve a Special Fund appropriation adjustment for \$989,000 for Park In-Lieu Fees Fund increasing Other Charges.
41. Approve a Special Fund appropriation adjustment for \$4,929,000 for Fire District ACO Fund for building and improvements at various stations.
42. Approve a Special Fund appropriation adjustment for \$19,313,000 for LAC+USC Replacement Fund for building and improvements.
43. Approve a Special Fund appropriation adjustment for \$1,261,000 for Public Works Aviation Fund for various building and improvements.

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44. Approve a Special Fund appropriation adjustment for \$1,193,000 for various Public Works Solid Waste Management Funds to reflect the local government agreement with the State, offset by a decrease to the Designation for Rate Stabilization. There are no position changes.
45. Approve a Special Fund appropriation adjustment for \$1,909,000 for Fire District Developer Fee Accumulated Capital Outlay Funds increasing Other Financing Uses.
46. Approve a Special Fund appropriation adjustment for \$328,000 for Public Works Proposition C Local Return Fund increasing Fixed Assets - Building and Improvements.
47. Approve an Other Proprietary Fund appropriation adjustment for \$869,000 for various Public Works Waterworks Districts to reflect the local government agreement with the State, offset by a decrease to services and supplies and fixed assets appropriation, Designation for Water System Improvements, and Appropriation for Contingencies. There are no position changes.
48. Approve a Department of Health Services' appropriation adjustment to reduce the use of funds from the Enterprise Fund Designation by \$6,171,000, and to make other necessary transfers of appropriation within DHS to carry out the intent of the FY 2004-05 Budget as adopted. We are recommending the net reduction of 10.5 budgeted positions.
49. Approve a Department of Health Services appropriation adjustment to transfer \$638,000 from Appropriation for Contingencies to services and supplies in the Physician Services Account to reimburse private physicians for uncompensated medical services to indigent patients.
50. Approve a Department of Health Services appropriation adjustment to transfer \$137,000 from Appropriation for Contingencies to services and supplies in the Hospital Services Account to reimburse eligible hospitals for uncompensated medical services to indigent patients.
51. Approve a Department of Health Services appropriation adjustment to transfer \$5,000 from Appropriation for Contingencies to fixed assets in the EMS Vehicle Replacement Fund to purchase Health Services ambulance fleet and passenger vans.

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52. Approve a Department of Health Services appropriation adjustment for \$3,500,000 to increase services and supplies in the Measure B Special Tax Fund to fund an increase in Base Hospital System operations, to increase compensation to trauma agreement providers based on the overall growth in Measure B revenue, and to backfill a shortfall of other State and local funding needed to fund the trauma agreement. These increases are fully offset by an anticipated increase in Measure B Special Tax revenues.
53. Approve a Department of Health Services appropriation adjustment to redistribute \$18,949,000 million of a total \$142,600,000 million of Measure B Special Tax Funds among County hospitals based on the most recent schedule of unreimbursed trauma and emergency patient care costs, resulting in no overall change.
54. Approve a Department of Health Services appropriation adjustment to transfer \$1,187,000 from Appropriation for Contingencies to fixed assets within LAC+USC Medical Center Replacement Account Provisional Financing Uses budget.
55. Approve financing in an amount not to exceed \$3,400,000 from the Asset Development Implementation Fund for improvements to the Lakewood Sheriff Station, to be repaid by the Sheriff under terms to be finalized by the Chief Administrative Office.